

WESTERN CORNBELT LEAN HOG BASIS, 1997-2001* FOR THE 51-52% LEAN CARCASS CONTRACT

<u>Market Period</u>	<u>Contract For Basis</u>	<u>Five Year Basis Low</u>	<u>More Negative 15% of Time</u>	<u>Expected Basis</u>	<u>More Positive 15% of Time</u>	<u>Five Year Basis High</u>
Jan- 1st half	February	-9.22	-8.19	-5.23	-2.28	3.33
Jan- 2nd half	February	-9.03	-6.06	-3.18	-0.31	2.76
Feb- 1st half	February	-8.34	-4.18	-2.23	-0.27	1.40
Feb- 2nd half	April	-9.18	-6.85	-4.22	-1.58	-0.51
Mar- 1st half	April	-8.27	-5.73	-3.33	-0.93	1.05
Mar- 2nd half	April	-9.34	-5.49	-3.24	-0.98	1.60
Apr-1st half	April	-6.30	-4.09	-1.98	0.14	3.52
Apr- 2nd half	June	-15.12	-12.70	-8.88	-5.07	8.89
May-1st half	June	-10.56	-8.47	-5.73	-2.99	0.80
May- 2nd half	June	-8.01	-5.19	-2.17	0.85	4.07
Jun- 1st half	June	-7.23	-4.98	-2.76	-0.54	0.28
Jun- 2nd half	July	-4.85	-3.07	-1.31	0.45	3.79
Jul- 1st half	July	-4.20	-3.09	-1.54	0.02	2.60
Jul- 2nd half	August	-5.61	-1.98	0.70	3.39	5.43
Aug- 1st half	August	-4.36	-2.61	-0.86	0.90	7.20
Aug- 2nd half	October	-2.98	3.00	5.62	8.25	12.33
Sep- 1st half	October	-1.18	0.08	1.40	2.73	4.27
Sep- 2nd half	October	-1.76	-0.56	1.06	2.68	5.14
Oct- 1st half	October	-3.92	-1.93	-0.24	1.44	4.34
Oct- 2nd half	December	-7.53	-3.02	0.11	3.23	6.31
Nov- 1st half	December	-10.83	-7.04	-3.39	0.25	3.08
Nov- 2nd half	December	-9.30	-5.84	-3.07	-0.29	2.43
Dec- 1st half	December	-7.32	-3.87	-2.02	-0.17	2.33
Dec- 2nd half	February	-14.02	-10.48	-6.06	-1.64	2.57

* Five year basis has been calculated from the beginning of 1997 through the end of March 2001 for the periods January to March. Five year basis has been calculated from 1996 through 2000 for the periods April to December.

- 1/ Basis is calculated as Cash-Futures. A negative sign means that futures are greater than cash.
- 2/ Market periods were divided as follows: 1st half includes the first 10 trading days of the month, 2nd half includes all remaining days in the month.
- 3/ 1995-1996 futures prices were converted from a live to a lean value by dividing the CME price by 0.74 and adding the difference between the Iowa-Southern Minnesota 51-52% lean carcass and the 47-48% lean carcass cash values.
- 4/ Values for the more negative 15% and more positive 15% columns are figured as one standard deviation from the expected basis. Basis is expected to be outside of these values approximately 15% of the time.

Prepared by John Lawrence, Extension Economist, and Alex Smith, undergraduate assistant.